

REECE ENERGY ANNOUNCES \$30 MILLION INCREASE TO CAPITAL BUDGET AND \$23 MILLION FINANCING

July 17, 2008 – Medicine Hat, AB – Reece Energy Exploration Corp. (TSX-V/RXR) (“Reece” or the “Company”) is pleased to announce that it has increased its capital budget for 2008 by an additional \$30 million. This increase is in addition to the \$15 million dollar increase announced May of this year bringing the total capital budget for 2008 to \$66 million.

In order to partially fund the increased capital expenditures, Reece has entered into an agreement with a syndicate of underwriters led by Wolverton Securities Ltd. (“Wolverton” or the “Agent”) and including Evergreen Capital Partners Inc. and CIBC Capital Markets to raise up to up to \$20 million with provision for an overallotment of up to \$3 million (the “Financing”) through the issuance of common shares of the Company (“Common Shares”) at a price to be determined in the context of the market.

This increase has been approved as a result of the Company’s drilling success, increased land and opportunity generation and the exceptional oil and gas pricing environment. The new capital will be used to fund an expanded drilling program, ongoing capital program and for general corporate purposes. The increased expenditures will be funded from existing internal sources as well as the Financing.

All sales will be made on a private placement basis pursuant to exemptions from the prospectus requirements of applicable securities laws. The closing of the offering is expected to occur on or about August 22, 2008 and is subject to certain conditions including, but not limited to, receipt of all necessary regulatory approvals including the approval of the TSX Venture Exchange. The Common Shares will be subject to a four month hold from the date of the closing.

Reece is a growth oriented junior oil and gas company focused on creating shareholder value by growing per share production and reserves through acquisitions and a focused exploration and development plan. Reece’s core producing oil and gas assets are located in Saskatchewan. Reece has a prospective Bakken land position which it has already begun to develop.

Reece has approximately 32,500,000 Class A common shares outstanding before this financing.

This press release is not an offer of securities for sale in the United States. These securities, have not been, and will not be registered under the United States Securities Act 1933, as amended, or the securities laws of any state, and may not be offered or sold in the United States unless an exemption from registration is available.

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Reece is a publicly held oil and gas company headquartered in Medicine Hat, Alberta, Canada that trades on the *TSX Venture Exchange* under the symbol “RXR”.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

Certain statements in this news release including (i) statements that may contain words such as “anticipate”, “could”, “expect”, “seek”, “may”, “intend”, “will”, “believe”, “should”, “project”, “forecast”, “plan” and similar expressions, including the negatives thereof, (ii) statements that are based on current expectations and estimates about the markets in which Reece operates and (iii) statements of belief, intentions and expectations about developments, results and events that will or may occur in the future, constitute “forward-looking statements” and are based on certain assumptions and analysis made by Reece. Forward-looking statements in this news release include, but are not limited to, statements with respect to future capital expenditures, including the amount, nature and timing thereof; oil and natural gas prices and demand; other development trends within the oil and natural gas industry; business strategy; expansion and growth of Reece’s business and operations and other such matters. Such forward-looking statements are subject to important risks and uncertainties, which are difficult to predict and that may affect Reece’s operations, including, but are not limited to: the impact of general economic conditions; industry conditions; government and regulatory developments; oil and natural gas product supply and demand; competition; and Reece’s ability to attract and retain qualified personnel. Reece’s actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do transpire or occur, what benefits Reece will derive therefrom. Subject to applicable law, Reece disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

All forward-looking statements contained in this document are expressly qualified by this cautionary statement. Further information about the factors affecting forward-looking statements is available in Reece’s current Annual Report which has been filed with Canadian provincial securities commissions and is available on www.sedar.com.